SOUTH DAKOTA CEMENT PLANT RETIREMENT FUND

AUDIT REPORT

For the Fiscal Year ended June 30, 2012

SOUTH DAKOTA CEMENT PLANT RETIREMENT FUND
TABLE OF CONTENTS

427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605)773-3595
FAX(605)773-6454

MARTIN L. GUINDON, CPA
AUDITOR GENERAL

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Dennis Daugaard
Governor of South Dakota

and

South Dakota Retirement System
State of South Dakota

We have audited the financial statements of the South Dakota Cement Plant Retirement Fund as of and for the fiscal year ended June 30, 2012 and have issued our report thereon dated November 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the South Dakota Retirement System is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the South Dakota Retirement System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Dakota Retirement System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the South Dakota Retirement System's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Dakota Cement Plant Retirement Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and members of the South Dakota Legislature and is not intended to be and should not be used by anyone other than those specified. However, this report is a matter of public record and its distribution is not limited.

Martin L. Guindon, CPA
Auditor General

November 30, 2012

427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605)773-3595
FAX(605)773-6454

MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

The Honorable Dennis Daugaard
Governor of South Dakota

and

South Dakota Retirement System
State of South Dakota

We have audited the accompanying Statement of Plan Net Assets and the related Statement of Changes in Plan Net Assets of the South Dakota Cement Plant Retirement Fund, as of and for the year ended June 30, 2012. These financial statements are the responsibility of the South Dakota Retirement System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements present only the financial position and changes in the plan net assets of the South Dakota Cement Plant Retirement Fund. They do not purport to, and do not, present fairly the financial position of the State of South Dakota as of June 30, 2012, and the changes in its financial position and its cash flows, where applicable, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the South Dakota Cement Plant Retirement Fund as of June 30, 2012, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2012, on our consideration of the South Dakota Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As explained in Note 2 to the financial statements, the financial statements include investments valued at $16,922,511 (36% of net assets) whose carrying values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the general partners.

Accounting principles generally accepted in the United States of America require that the Schedule of Funding Progress and Schedule of Employer Contributions on page 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Martin L. Guindon, CPA
Auditor General

November 30, 2012

SOUTH DAKOTA CEMENT PLANT RETIREMENT FUND
STATEMENT OF PLAN NET ASSETS
JUNE 30, 2012

Assets		
Cash and Cash Equivalents	$	1,888,188
Receivables:		
Unsettled Investment Sales		36,472
Investment Income		104,489
Forward Foreign Exchange Contracts		9,237
Total Receivables		150,198
Investments, at Fair Value:		
Fixed Income		10,124,979
Equities		22,418,415
Real Estate		7,324,451
Private Equity		5,775,396
Commodities		121,311
Total Investments		45,764,552
Total Assets		47,802,938
Liabilities		
Unsettled Investment Purchases		179,689
Due to Brokers - Futures Transactions		3,281
Total Liabilities		182,970
Net Assets Held In Trust For Pension Benefits	$	47,619,968

(A schedule of funding progress is presented in the Required Supplementary Information)

The accompanying notes are an integral part of the financial statements.

SOUTH DAKOTA CEMENT PLANT RETIREMENT FUND
STATEMENT OF CHANGES IN PLAN NET ASSETS
For the Fiscal Year Ended June 30, 2012

Additions	
Contributions:	
Transfer from State General Fund	$ 1,000,000
Total Contributions	1,000,000
Investment Income:	
From Investing Activities	
Net Increase (Decrease) in Fair Value of Investments	(211,314)
Interest	543,963
Dividends	654,636
Real Estate	45,745
Investment Activity Income	1,033,030
Less Investment Activity Expenses	(223,524)
Net Investment Activity Income	809,506
From Security Lending Activities	
Security Lending Income	9,123
Security Lending Expenses	(2,736)
Net Security Lending Activity Income	6,387
Net Investment Income (Loss)	815,893
Total Additions	1,815,893
Deductions	
Benefits	3,700,028
Administrative Expenses	30,076
Total Deductions	3,730,104
Net Decrease	(1,914,211)
Net Assets Held In Trust For Pension Benefits	
Beginning of Year, restated	49,534,179
End of Year	$ 47,619,968

The accompanying notes are an integral part of the financial statements.

1. DESCRIPTION OF PLAN AND CONTRIBUTION REQUIREMENTS

On July 1, 2010, the South Dakota Retirement System (SDRS) began administering the South Dakota Cement Plant Retirement Fund (CPRF), in conjunction to the dissolution of the South Dakota Cement Commission. The Fund is a single-employer public employee retirement system (PERS). The Fund consists of six defined benefit pension plans covering all former employees of the State Cement Plant. The Plans are actuarially funded using the entry age normal, level percent of pay, funding method. The Plan's funding policy provides for the unfunded actuarial accrued liability to be amortized as a level dollar over an open 20 year period. The most recent actuarial evaluation was prepared as of July 1, 2012.

On March 16, 2001, the State of South Dakota sold the State Cement Plant to a private corporation. As of that date the Plans were frozen as to new participants, final average earnings, credited service and primary social security benefits.

At June 30, 2012, the Plan's membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	234
Inactive Vested	110
Total	344

The following is a general description of the various provisions of the Plan:

1. The normal retirement age is 65 and early retirement is at age 55 with the required credited service.

2. The plans provide for a disability payment for those employees disabled on or before March 16, 2001.

3. All participants in the plan on March 16, 2001 were 100% vested.

4. A survivor benefit will be paid to a surviving spouse provided:

   a. The spouse has dependent children; or
   b. The surviving spouse has attained the age of 65; or
   c. The employee has purchased the surviving spouse coverage option.

5. Upon the death of a pensioner or former employee who has reached normal retirement age the surviving spouse is eligible to receive a normal retirement benefit equal to 60% of the pension amount paid to the pensioner or former employee.

6. The improvement factor for those employees retiring before October 1, 1978 is 2 percent per year of the initial benefit amount, and for those employees retiring after September 30, 1978 and before July 1, 1999 it is

50 percent of the Consumer Price Index with a maximum of 1.43 percent (compounded) each year. The improvement factor for employees retiring after June 30, 1999 is 3.1 percent, compounded annually. For employees who become inactive vested employees after June 30, 1999 an improvement factor of 3.1% percent shall commence on the July first that is at least 12 full calendar months following date of termination.

7. The actuarial assumed rate of return on the investment of present and future assets of 6.75 percent per year net of expenses.

Benefit and contribution provisions are established by the Administrative Rules as adopted by the South Dakota Retirement System.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET ITEMS

Basis of Presentation:

The accompanying financial statements of the CPRF are prepared in accordance with Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB).

Basis of Accounting:

The financial statements are reported on the full accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred. Security transactions and the related gains and losses are recorded on a trade date basis, using the average cost method. Purchases and sales of foreign investments and the related income are translated at the rate of exchange on the respective transaction dates. Realized and unrealized gains and losses resulting from foreign currency changes are included in the Statement of Changes in Plan Net Assets. Dividend income is recorded on the ex-dividend date and interest income is accrued as earned.

Accounting Restatement:

The amount reported as beginning net assets was increased by $49,320 for recognition of the prior year interest earnings associated with the closure of the cement plant operating fund and transfer to the CPRF.

Cash and Cash Equivalents:

Cash includes demand deposits and foreign currency cash balances. Cash equivalents include short-term investments with original maturities of three months or less. Foreign currency cash balances are translated into U.S. dollars using the year-end spot foreign currency exchange rates. Other cash equivalents are valued at cost plus accrued interest.

Valuation of Securities:

Investments are reported at fair value, which approximates market value, in accordance with GASB Statement No. 31. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Certificates of deposit are reported at cost and U.S. Treasury bills at cost plus accrued interest, which is a reasonable estimate of fair value. Fair values for the fixed income securities are index prices obtained from Bank of America Merrill Lynch for investment-grade and high yield securities, Citigroup Global Markets for agency mortgage-backed securities, and Bloomberg Financial Markets for short term (less than one year) fixed income securities. Domestic and Canadian equity security fair values are obtained from FT Interactive Data and are based on the composite price which is the last price transmitted for a security. Non-Canadian foreign equity security values are obtained from Exshare and are based on an exchange-specific closing price for a security. Spot foreign currency exchange rates are obtained from Reuters. Investments denominated in foreign currencies are translated into U.S. dollars using the year-end spot foreign currency exchange rates. Fair values of foreign currency forward contracts are obtained from Bloomberg Financial Markets.

Alternative investments consist of investments in a variety of markets and industries through limited partnerships, corporate entities, co-investments, and other investment vehicles. For investments where no readily determinable fair value exists, the SDIC valuation estimates are based on valuations of the underlying companies as determined and reported by the fund manager or general partner. For all of these alternative investments, the South Dakota Investment Council (SDIC) has determined that the net asset value reported by the underlying fund approximates the fair value of the investment. These fair value estimates are subjective and based on judgment. The alternative investments fair values as a percentage of net assets on June 30, 2012 for the CPRF were 36%.

Foreign exchange rate gains and losses are included with the net appreciation in fair value of investments. Futures contracts are marked to market based on quoted future prices with changes in fair value reflected in the current period.

Use of Estimates:

The preparation of financial statements in accordance with GAAP requires management to make estimates that affect the reported amounts of net assets at June 30, 2012. Actual results could differ from those estimates.

3. FUNDED STATUS AND FUNDING PROGRESS

In the July 1, 2012 actuarial valuation, the actuarial cost method used was entry age normal and the amortization method used was level dollar for the unfunded liability. The mortality was changed from the 1995 Buck Mortality Table to the 1995 Buck Mortality Table with a one-year setback for males. There were no changes to the female rates. The actuarial assumptions included a 6.75% investment rate of return. The actuarial value of assets was determined by the market value. The remaining amortization period at July 1, 2012 was 16 years. The funded status of the plan as of July 1, 2012, is as follows:

Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio
$ 47,619,968	$ 61,702,907	$ 14,082,939	77.2%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AAL for benefits.

4. DEPOSITS AND INVESTMENTS

The State Investment Officer is responsible for the investment of the CPRF. The CPRF portfolio is governed by the prudent man rule; that is, the SDIC should use the same degree of care as a prudent man. The SDIC dictates the limits on the percent the portfolio invests in various asset classes.

Deposits:

Custodial Credit Risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The SDIC has no formal deposit policy specific to custodial credit risk for the CPRF portfolio. At June 30, 2012, the CPRF portfolio had bank balances in various foreign currencies. These deposits are not collateralized or covered by depository insurance. As a result, the following amounts were exposed to custodial credit risk:

	Cement Plant Retirement Portfolio
Foreign Currency Balances	$ 112,282

Investments:

Securities Lending. State statutes and the SDIC policies permit the use of investments for securities lending transactions. These transactions involve the lending of corporate debt, foreign equity securities, and domestic equity securities to broker-dealers for collateral in the form of securities, with the simultaneous agreement to return the collateral for the same securities in the future. The SDIC's securities custodian is an agent in lending securities and shall accept only U.S. Government securities or its agencies as collateral for any loan or loaned securities. The collateral required must equal 102% of fair value plus accrued interest for corporate debt securities, 102% of fair value for U.S. equity securities and 105% of fair value for foreign securities except in the case of loans of foreign securities which are denominated and payable in U.S. dollars, in which event the collateral required is 102% of fair value. The earnings generated from the collateral investments results in the gross earnings from lending activities, which is then split on a percentage basis with the lending agent.

At year end, the SDIC has no credit risk exposure to borrowers because the amounts the SDIC owes the borrowers exceed the amounts the borrowers owe the SDIC. The contract with the lending agent requires the agent to indemnify the SDIC if the borrowers fail to return the loaned securities and the collateral is inadequate to replace the securities lent.

All securities loans can be terminated on demand by either the SDIC or the borrower. The SDIC does not have the ability to pledge or sell collateral securities unless the borrower defaults, therefore no asset and corresponding liability for the collateral value of securities received has been established on the Statement of Plan Net Assets. Regarding restrictions on loans, the securities lending agreement does limit the total value of securities that can be out on loan on any given day.

Custodial Credit Risk. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The SDIC's securities lending policies are detailed in the preceding Securities Lending section. As of June 30, 2012, the CPRF does not have custodial credit risk with regard to the security lending collateral.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. SDIC policy limits or establishes ranges for the durations of the fixed income portfolio held by the various funds. Modified duration estimates the sensitivity of a bond's price to interest rate changes. The CPRF investment-grade fixed income portfolio's duration must fall between 70% and 130% of the duration of the Citigroup Broad Investment Grade (BIG) Index. The internally managed high yield fixed income portfolio must have a duration range of 85% to 115% of the Citigroup High-yield Cash Pay Capped Index duration. The weighted modified durations (in years) of the CPRF is listed in the following table.

Investment Type	Fair Value	Wgtd. Mod. Dur.
U.S. Treasuries	$ 952,082	7.07
U.S. Treasury Bills	22,996	0.21
U.S. Treasury STRIPS	374,467	11.01
U.S. Agencies	421,992	3.82
FDIC's Temporary Liquidity Guarantee Program	38,379	0.03
Investment grade corporates	2,670,220	4.51
High-yield corporates	635,718	3.87
Mortgage-backed securities	2,433,047	3.18
Total	$ 7,548,901	
CPRF modified duration		4.60

The CPRF fixed income portfolio invests in mortgage-backed securities. These securities are sensitive to prepayments by mortgagees, which is likely in declining interest rate environments, thereby reducing the value of these securities. The SDIC invests in mortgage-backed securities to diversify the portfolio and increase the return while minimizing the extent of risk.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. SDIC policy establishes a percentage range and a normal allocation to various credit risk categories. The SDIC sets the investment policy annually for the CPRF portfolio. This policy establishes the benchmark percentage invested in each asset category and the minimum and maximum range that each asset category can vary during the fiscal year. At June 30, 2012, the portfolio held the following investments, excluding those issued by or explicitly guaranteed by the U.S. Government, which are not considered to have credit risk. The investments are grouped as rated by Moody's Investors Service.

Moody's Rating	Fair Value
Aaa	$ 4,263,261
Aa	329,405
A	827,553
Baa	1,442,694
Ba	141,087
B	336,703
Caa	142,566
Ca	9,276
Unrated	6,085
Total	$ 7,498,630

Concentration of Credit Risk. Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The SDIC does not have a formal policy in place to limit investments in any particular issuer for the CPRF. Additionally, there are no single issuer exposures (excluding those issued by or explicitly guaranteed by the U.S. Government, or involving mutual funds or investment pools) within the fund that comprises 5% of the overall fund at June 30, 2012.

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The CPRF's exposure to foreign currency risk derives from its position in foreign currency and foreign currency-denominated equity investments. To match the unhedged benchmark, the SDIC's normal policy is not to hedge foreign currency back to U.S. dollars. SDIC's policy does allow hedging under certain circumstances when deemed appropriate by the State Investment Officer and portfolio manager. The CPRF's exposure to foreign currency risk at June 30, 2012, was as follows (in U.S. dollar fair values):

Currency	Equities	Cash
Australian Dollar	$ 13,798	$ 224
British Pound	1,141,927	31,375
Canadian Dollar	192,129	399
Euro	1,293,533	42,766
Japanese Yen	1,101,996	21,001
Norwegian Krone	25,387	732
Swiss Franc	1,114,408	15,785
Total	$ 4,883,178	$ 112,282

Investments with outside managers, which are not included in the table above, may expose the fund to additional foreign currency risk. The fair values of externally-managed global equity and arbitrage equity investments and investments in distressed, real estate and private equity limited partnerships were as follows (in U.S. dollar fair values):

Global Equity	$851,054
Hedge Fund	438,378
Commodities	121,311
Distressed, Real Estate & Private Equity	15,736,028
Total	$17,146,771

5. RATE OF RETURN

The percentage rate of return for fiscal year 2012 for the CPRF was 2.4%. The percentage was derived using the time-weighted rate of return calculation and the geometric linking of those returns.

6. DERIVATIVES

Derivatives are generally defined as contracts whose values depend on, or derive from, the value of an underlying asset, reference rate, or index. The CPRF is exposed to various derivative products through the investment management of the SDIC and its outside managers. The following notes detail the derivatives instruments used in the SDIC's internally managed portfolio. All of the SDIC's derivatives are classified as investment derivatives.

Futures Contracts

A futures contract is a contract to buy or sell units of an index or financial instrument at a specified future date at a price agreed upon when the contract is originated. The SDIC purchases and sells futures contracts as a means of adjusting the CPRF portfolio mix at a lower transaction cost than the transactions which would otherwise occur in the underlying portfolio. During fiscal year ended June 30, 2012, S&P 500 futures and 10-year U.S. Treasury Note futures were utilized in the CPRF. Upon entering into such a contract, the CPRF pledges to the broker cash or U.S. Government securities equal to the minimum initial margin requirement of the futures exchange. Additionally, the CPRF receives or pays a daily variation margin, which is an amount of cash equal to the daily fluctuation in value of the contract. The pending variation margin at June 30, 2012, of ($3,281) is presented in the Statement of Plan Net Assets as "Due to brokers – futures transactions." The change in fair value of the futures contracts is presented in the Statement of Changes in Plan Net Assets as "Net appreciation in fair value of investments." The net change in fair value from futures contracts for fiscal year ended June 30, 2012, was $107,818. Futures contract positions at June 30, 2012 were as follows:

Description	Expiration Date	Open Position	Number of contracts	Contract Size	Fair Value (Exposure)
10-Year US Treasury Note future	September 2012	Long	6	100,000 par value 6% US Tsy note	$ 800,250

Foreign Currency Forward Contracts

The SDIC enters into foreign exchange forward contracts for the CPRF to manage foreign currency exposure, as permitted by portfolio policies. The fair values of the contracts are presented in the Statement of Plan Net Assets as "Forward foreign exchange contracts." The change in fair value of the forward contracts is presented in the Statement of Changes in Plan Net Assets as "Net appreciation in fair value of investments." The net change in fair value from foreign currency forward contracts for fiscal year ended June 30, 2012, was $91,282. At June 30, 2012, the foreign currency forward contracts outstanding were as follows:

Description	Notional Amount	Value Date	Fair Value
Forward sale	282,573 Euros	8/10/2012	$ 9,237

Credit Risk. The SDIC is exposed to credit risk on derivative instruments that are in asset positions. The SDIC attempts to minimize credit risk by entering into derivatives contracts with major financial institutions. At June 30, 2012, the aggregate fair value of foreign currency forward contracts in asset positions was $9,237. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. The credit ratings of the counterparties are as follows:

Moody's Credit Rating	Number of Counterparties	Fair Value
Aa3	1	$ 9,237

Interest Rate Risk. The SDIC is exposed to interest rate risk on its 10-year U.S. Treasury Note futures contract. As interest rates increase, the value of the futures contract decreases.

Foreign Currency Risk. The CPRF is exposed to foreign currency risk on its foreign currency forward contracts because they are denominated in foreign currencies. The net fair value of the foreign currency forward contracts in U.S. dollars is $9,237.

7. COMMITMENTS

At June 30, 2012, the CPRF had uncalled capital commitments to private equity and real estate limited partnerships and other external funds. The commitments may be called at the discretion of the general partner or may never be called. As capital is called, it is funded from capital and earnings returned by the limited partnerships or from other assets. Approximate uncalled capital commitments at June 30, 2012, were as follows:

Private Equity	$ 1,901,048
Real Estate	1,943,388
Total	$ 3,844,436

8. SUPPLEMENTARY HISTORICAL TREND INFORMATION

Supplementary historical trend information designed to provide information about the Plan's progress made in accumulating sufficient assets to pay benefits when due is presented on page 17.

9. INCOME TAX STATUS

The pension plans are tax exempt but the distributions to the pensioners are not tax exempt for federal income tax purposes.

SOUTH DAKOTA CEMENT PLANT RETIREMENT FUND
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PLAN'S FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
1/1/94	$16,294,300	$14,125,800	$(2,168,500)	115.4%	$7,200,160	0%
1/1/96	$18,118,400	$17,087,500	$(1,030,900)	106.0%	$7,703,256	0%
1/1/98	$21,307,500	$20,343,900	$ (963,600)	104.7%	$8,091,745	0%
1/1/00	$29,377,300	$27,986,000	$(1,391,300)	105.0%	$8,386,684	0%
1/1/01	$34,573,000	$41,853,900	$ 7,280,900	82.6%	$8,696,100	83.7%
3/16/01	$34,288,100	$37,900,700	$ 3,612,600	90.5%	$5,578,700	64.8%
7/01/02	$31,244,700	$39,708,900	$ 8,464,200	78.7%	$5,568,300	152.0%
7/01/04	$37,284.300	$43,692,000	$ 6,407,700	85.3%		
7/01/06	$42,636,000	$46,491,600	$ 3,855,600	91.7%		
7/01/08	$47,269,470	$53,350,595	$ 6,081,125	88.6%		
7/1/10	$39,131,563	$54,120,667	$14,989,104	72.3%		
7/01/12	$47,619,968	$61,702,907	$14,082,939	77.2%		

Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 6.75 percent per year net of expenses, (b) projected postretirement benefit increases as stated in Notes to the Financial Statements 1(6).

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year	Annual Required Contribution	Contributions Made	Percentage Contributed
1996	$ 0	$ 0	N/A
1998	0	0	N/A
2000	0	0	N/A
2001	408,300	408,300	100%
2002	873,800	4,873,800	557.8%
2004	676,300	790,400	116.9%
2006	431,100	6,000,000	1,391.8%
2008	564,175	1,035,029	183.5%
2010	1,458,687	0	0%
2011	N/A	4,048,351	N/A
2012	1,373,477	1,000,000	72.8%

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date:	July 1, 2012
Actuarial cost method:	Entry Age Normal
Amortization method:	Level Dollar, Closed
Remaining amortization:	16 years
Asset valuation method:	Assets at market value
Actuarial assumptions:	
Investment rate of return:	6.75% per year, includes inflation at 3.25% per year